

Message Text

CONFIDENTIAL

PAGE 01 LONDON 20538 01 OF 02 211310Z
ACTION EUR-12

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TO SECSTATE WASHDC 8949
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USDEL MTN GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 20538

E.O.11652: XGDS-1
TAGS: UK, EC, PFOR, EGEN, ETRD, CSCE
SUBJECT: BRITISH PRESIDENCY OF EC: VIEWS OF MINISTER
OF STATE DAVID OWEN

SUMMARY. CHARGE HOSTED A RECENT LUNCHEON FOR
THE NUMBER TWO AT FCO, DAVID OWEN, TO SOLICIT MOST
CURRENT UK THINKING ON THE SUBSTANTIVE ISSUES BRITAIN
WILL BE CONCERNED WITH DURING ITS PRESIDENCY OF THE
COMMUNITY. HIS COMMENTS PROVIDED OUR FIRST OPPORTUNITY
TO HEAR DIRECTLY FROM A BRITISH MINISTER ON PRESIDENCY
AND RELATED ISSUES. OWEN FLAGGED CYPRUS, WITH ATTENDANT
TURKEY-GREECE COMPLEX OF ISSUES, AS SINGLE MOST IMPORTANT
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PAGE 02 LONDON 20538 01 OF 02 211310Z

PROBLEM FOR EARLY ATTENTION; DESCRIBED ECONOMIC DIVER-
GENCE AS MOST SERIOUS CONCERN FOR LONG-TERM HEALTH OF EC,
AND SAID UK MAY SUGGEST WAYS TO APPROACH PROBLEM; RAISED
THE MULTILATERAL TRADE NEGOTIATIONS (MTNS) AS AREA OF
POTENTIAL US-EC CONFLICT IN 1977; APPEARED CONFIDENT THAT
AN INTERNAL EC FISHERIES REGIME WOULD BE WORKED OUT WITH-

OUT A MAJOR CONFRONTATION; DISCOUNTED ANY SIGNIFICANT COMMUNITY ROLE IN SOLVING RHODESIAN DISPUTE; AND SAID EC WOULD CONTINUE TO TAKE A LEADING ROLE IN PREPARATIONS FOR CSCE REVIEW AT BELGRADE. END SUMMARY.

1. CYPRUS. OWEN DESCRIBED CYPRUS PROBLEM AS THE FIRST IMPORTANT ISSUE TO CONFRONT UK IN ITS PRESIDENCY ROLE, BUT HIS COROLLARY THEME WAS THE NEED FOR EUROPE TO "GO SLOW" FOR A WHILE UNTIL THE CARTER ADMINISTRATION CAN ADEQUATELY PREPARE ITSELF. OWEN FELT THIS ISSUE MIGHT BE ONE TO WHICH VANCE MAY ASSIGN HIGHER-THAN-EXPECTED PRIORITY BECAUSE OF HIS EXPERTISE AND CONTINUING CONCERN ABOUT IMPLICATIONS FOR THE ENTIRE REGION. EXPANDING HIS PERSPECTIVE, OWEN TOOK A FAIRLY HARD AND UNSYMPATHETIC LINE ON DEMANDS BEING MADE BY TURKEY IN INITIAL DISCUSSIONS ON CONDITIONS FOR ENTRY INTO THE EC. HIS ESSENTIAL POINT WAS: WHAT DO WE AS THE EUROPEAN COMMUNITY, WITH OUR OWN INTERESTS AND PROBLEMS, OWE TURKEY -- IT HAS NO REASON TO EXPECT ANY SPECIAL RIGHTS BEFORE BEGINNING TO TAKE ON THE COMMITMENTS OF MEMBERSHIP. OWEN TOOK A CONSIDERABLY MORE BENEVOLENT VIEW OF THE GREEK SITUATION, SAYING THE UK REMAINS IN THE FOREFRONT OF COMMUNITY COUNTRIES WANTING GREECE IN THE EC. IN OWEN'S VIEW, GREECE IS THE MOST READY OF THE CURRENT POTENTIAL MEMBERS TO ASSUME COMMUNITY STATUS. HUGH ARBUTHNOTT, HEAD OF THE FCO'S EUROPEAN INTEGRATION DEPARTMENT (EXTERNAL), SOMEWHAT BLUNTED OWEN'S POINT, LEAVING US WITH APPARENT IMPLICATION THAT PERHAPS FCO OFFICIALDOM IS NOT AS ANXIOUS AS OWEN TO MOVE RAPIDLY ON GREEK ACCESSION.

CONFIDENTIAL

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PAGE 03 LONDON 20538 01 OF 02 211310Z

2. WHILE CANTERING OVER RELATED SCENARIOS FOR OTHER POTENTIAL EC MEMBERS, OWEN MADE AN INTERESTING REMARK ABOUT PORTUGUESE ACCESSION. OWEN SAID HE WOULD PERSONALLY BE PUSHING A PROCEDURE THAT PLACED EMPHASIS ON PORTUGAL'S INVOLVEMENT ON THE POLITICAL COOPERATION SIDE OF THE COMMUNITY DURING THE EARLY STAGES OF TRANSITION. HE DID NOT DEFINE THIS PROCEDURE IN ANY DETAIL, BUT SAID IN HIS VIEW THIS WOULD HELP THE PORTUGUESE COPE WITH A TRANSITION TIME THAT COULD BE TWICE THE NORMAL FIVE-YEAR PERIOD.

3. ECONOMIC DIVERGENCE. OWEN DESCRIBED THE CONTINUING ECONOMIC DIVERGENCE AMONG COMMUNITY MEMBERS AS THE SINGLE MOST IMPORTANT ISSUE FOR THE LONG-TERM STABILITY AND HEALTH OF THE EC. OWEN WAS QUICK TO ADD THAT THIS WAS NOT AN ISSUE THAT THE EC COULD HOPE TO COME TO GRIPS WITH DURING THE UK'S SIX MONTHS IN THE CHAIR, BUT THAT

BRITAIN WOULD LIKE TO SEE THE BEGINNING OF A PROCESS THAT WOULD LEAD TO A CONCEPTUAL APPROACH, A WAY OF THINKING ABOUT THE PROBLEM OF DIVERGENCE/CONVERGENCE. HE SPOKE SPECIFICALLY ABOUT TRYING TO DEVELOP THE CONCEPT OF ECONOMIC CONVERGENCE AS A TOUCHSTONE OR MEASURE OF ECONOMIC (AND PERHAPS SOCIAL) PROGRESS WITHIN THE COMMUNITY. HE ADDED THE OBVIOUS POINT THAT COMMUNITY

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PAGE 01 LONDON 20538 02 OF 02 211308Z

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 20538

ENLARGEMENT TO INCLUDE POORER COUNTRIES WORKS DIAMETRICALLY AGAINST CONVERGENCE. IN REPLY TO OUR QUESTION ABOUT HOW ACTUAL CONVERGENCE MIGHT BE REALIZED, OWEN HAD ONLY THE USUAL PRONOUNCEMENTS: EMU HAD BEEN BADLY OVERSOLD AND WAS NOT A REALISTIC OPTION IN THE NEAR TERM, THE DUISENBERG EXCHANGE RATE PROPOSALS OFFER POTENTIAL FOR SOME PROGRESS, SOCIAL AND REGIONAL FUNDS COULD ASSIST

BY BEING MORE HEAVILY FUNDED, AND SOME FORM OF ENHANCED EC STRUCTURING SHOULD BE CONSIDERED WHICH WOULD PROVIDE FOR A GREATER COMMUNITY ECONOMIC DIALOGUE BEFORE NATIONAL POLICIES WERE DECIDED.

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PAGE 02 LONDON 20538 02 OF 02 211308Z

4. MULTILATERAL TRADE NEGOTIATIONS. SIGNIFICANTLY, OWEN RAISED WITH US THE MTN AS AN AREA OF POTENTIAL CONFLICT BETWEEN THE U.S. AND EC DURING 1977. WE SUGGESTED THAT WE HAD BECOME SOMEWHAT CONCERNED ABOUT FEELINGS THAT WE HAVE BEEN GETTING RECENTLY FROM SOME UK GOVERNMENT OFFICIALS THAT ONLY A VERY MODEST CONCLUSION TO THE MTNS IS POSSIBLE WITHIN A TARGET DATE OF 1977 OR EARLY 1978. OWEN SAID THERE HAD BEEN NO GOVERNMENT DECISION TO HIS KNOWLEDGE THAT THIS WOULD BE THE POLICY OF THE UK, BUT HE DID ADD THAT THE DEPARTMENT OF TRADE RATHER THAN FCO WOULD CONTINUE TO BE THE LEAD DEPARTMENT ON THIS SUBJECT.

5. FISHERIES. DURING BRIEF DISCUSSION ON FISHERIES ISSUE, OWEN HINTED THAT AN INTERNAL EC REGIME WAS EVOLVING THAT WOULD SIGNIFICANTLY INCREASE THE CHANCES OF FINDING A SOLUTION WITHOUT A MAJOR BLOW-UP IN THE EC. OWEN WOULD NOT BE DRAWN OUT ON THIS POINT AND MAY HAVE ONLY BEEN REFERRING TO THE IDEA OF A TEMPORARY ARRANGEMENT WHICH WOULD NOT PREJUDICE THE UK'S POSITION ON A PERMANENT SOLUTION, BUT HE LEFT A POSITIVE PATINA ON THE WHOLE SUBJECT.

6. RHODESIA. WE ASKED IF THE BRITISH WOULD SEEK TO HAVE THE COMMUNITY PLAY A ROLE IN ATTEMPTS TO SOLVE THE RHODESIAN PROBLEM. OWEN SAID IN GENERAL NO, BUT THAT AT SOME POINT THE UK MAY ASK THE COMMUNITY TO ASSIST WITH FINANCING AND PERHAPS WITH A STATEMENT OF SUPPORT AND SOLIDARITY FOR UK EFFORTS. OWEN ADDED A NOTE OF CAUTION, SAYING THE UK WOULD PARTICULARLY NOT WANT TO HAVE THE JUNE 1977 COMMONWEALTH HEADS OF GOVERNMENT MEETING IN LONDON UPSET BY PROVIDING ANY OPPORTUNITIES FOR PARTICIPANTS TO RAISE RHODESIAN ISSUES THAT WOULD PROVE AWKWARD OR EMBARRASSING.

7. CSCE. OWEN SAID HE WOULD EXPECT THE COMMUNITY TO

CONFIDENTIAL

PAGE 03 LONDON 20538 02 OF 02 211308Z

CONTINUE TO TAKE A LEADING ROLE IN PREPARING FOR CSCE REVIEW IN BELGRADE. IT WAS HIS VIEW THAT THE WEST OUGHT

TO BE FIRM IN ASKING FOR A FAIRLY WELL-DEFINED EXAMINATION OF COMPLIANCE WITH THE AGREEMENT.

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